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SENSITIVE
SIPDIS

TREASURY FOR IMI/OASIA.VATUKORALA

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TAGS: [ECIN](#) [ECON](#) [EFIN](#) [PREL](#) [NL](#)
SUBJECT: NETHERLANDS: COMMITTED TO SUPPORTING EASTERN AND CENTRAL
EUROPEAN ECONOMIES

REF: STATE 23758

SENSITIVE BUT UNCLASSIFIED; PLEASE HANDLE ACCORDINGLY.

1. (SBU) SUMMARY: The Government of the Netherlands (GONL) supported the increase of EU's Balance of Payments facility to assist Central and Eastern European economies hit hard by the economic crisis. The GONL also favors doubling the size of IMF's New Arrangements to Borrow (NAB) and is willing to contribute even more, if IMF requests it. The Dutch believe assistance for these countries should be considered on a country-by-country basis and within the framework of IMF, but giving EU the lead role.

SUPPORT INCREASE IN IMF RESOURCES

2. (SBU) Freek Keppels, the Finance Ministry's Head of International Economy and Financial Institutions Department, told Econoff the GONL supports doubling the IMF's NAB resources to USD 500 billion. Keppels added the GONL would support a greater increase if the IMF's own assessment led to such a request.

"SOLIDARITY" WITH CENTRAL AND EASTERN EUROPE

3. (U) Keppels noted that Dutch financial institutions were not as active in Central and Eastern Europe as banks from other EU countries. Prime Minister Balkenende stressed after the March 19-20 European Council meeting the importance of "stability among EU's neighbors." Earlier he said the GONL wanted to show "solidarity" with Central and Eastern Europe and "looking the other way is not an option." However, he cautioned that "the fact that these countries have joined the EU is already a sign of solidarity" and the new EU Member States have already received billions in European subsidies. Balkenende is also reluctant to accelerate the expansion of the Euro-zone in Central and Eastern Europe: "We cannot talk about early admission just like that. It is a question of the credibility of our agreements."

4. (SBU) Keppels said the GONL had supported the EU's Balance of Payments increase adopted during the last European Council meeting. He added that support efforts for Central and European countries should be within the framework of IMF "as recognized by everyone," but the EU should have the lead on the issue. Keppels also noted the "big differences of opinion" between the countries in the region. For example, Poland and the Czech Republic -- hit less severely by the crisis -- do not want to be grouped with others in the region. Keppels argued there should be a common framework for Central and European countries that takes into account the differences among them. Keppels said the GONL had earlier proposed establishing an EU taskforce to tackle the issue, but the proposal did not receive wide support.

